



MINUTES FROM THE MEETING OF THE CASH MANAGEMENT POLICY BOARD

May 27, 2026

A meeting of the Cash Management Policy Board (the “Board”) was held on May 27, 2026, at 10:00 a.m. in the Buck Library of Buena Vista, 661 South DuPont Highway, New Castle, DE 19720. Board members and members of the public were able to participate in person or virtually using the provided dial-in information.

Board Members Represented or in Attendance:

Mr. Warren C. Engle, Chair
Mr. Mike Karia, Investment Subcommittee Chair
Mr. Stephen Marvin, Investment Subcommittee Vice Chair
Mr. Leland Sylver, Banking Subcommittee Vice Chair
Mr. Michael Smith, Secretary of Finance
Ms. Colleen C. Davis, State Treasurer
Ms. Charuni Patibanda-Sanchez, Secretary, Department of State

Members Absent:

Ms. Tarrie Miller, Banking Subcommittee Chair
Ms. Ruth Ann Miller, Controller General

Others in Attendance:

Ms. Fiah M. Kwessey, Director of Operations & Fund Management, OST
Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. Vivek Maharaj, Merchant Services Program Manager, OST
Ms. Shanese Ridgeway, Director of Reconciliations and Transaction Management, OST
Mr. Richard Zbyszynski, Cash and Debt Manager, OST
Mr. Steve McVay, Casual Seasonal Assistant Cash and Debt Manager, OST
Ms. Ninna Vaughn, Executive Administrator, OST
Ms. Daly Pineryo, Special Payments Manager, OST
Mr. Andrew Evan, Fiscal Associate II, OST
Mr. Kevin Leonard, NEPC
Mr. Jonovan Sackey, NEPC
Ms. Jenifer Appel, NEPC
Mr. Brent Hobby, CampusGuard
Mr. Michael Pressman, JPMorgan Chase
Ms. Taylor Medlock, JPMorgan Chase
Mr. Anson Gock, DelDOT, Public

CALL TO ORDER

The meeting was called to order at 10:01 a.m. A quorum was established.

INTRODUCTIONS

Ms. Kwesseu led introductions. Ms. Kwesseu formally introduced Richard (“Rich”) Zbyszynski, the newest Cash and Debt Manager at OST. Mr. Zbyszynski was previously the Assistant Cash and Debt Manager at OST. She also introduced each JPMorgan representative, Ms. Medlock and Mr. Pressman.

APPROVAL OF MINUTES

A MOTION to approve the February 25, 2026, minutes was made by Mr. Karia and seconded by Mr. Sylver.

MOTION ADOPTED UNANIMOUSLY

INVESTMENT SUBCOMMITTEE REPORT

PRESENTATION AND DISCUSSION OF THE 1st QUARTER PERFORMANCE ABBREVIATED REPORT

Ms. Appel discussed the impact of recent geopolitical events on financial markets, noting that the conflict with Iran has increased concerns about inflation and interest rates. As a result, markets have reduced expectations for rate cuts and have begun pricing in the possibility of rate hikes, leading to higher bond yields and more challenging fixed-income returns. While equity markets have remained relatively strong, Ms. Appel stated that NEPC’s expectation is still for the Federal Reserve to keep rates steady through the end of the year. Despite recent market volatility, she expressed confidence in the current portfolio allocation of 25% liquidity and 75% reserves and emphasized the importance of maintaining a long-term investment approach.

Mr. Sackey presented the 1st quarter performance report, giving an overview of each portfolio.

- Total Portfolio (Liquidity & Reserves):
The combined liquidity and reserve portfolio totaled approximately \$6.04 billion as of March 31, 2026. The portfolio returned -0.90% in March and 0.18% for the quarter.
The one-year return was 4.40%.

- **Liquidity Portfolio (\$1.6B):**
The liquidity portfolio returned 0.13% in March and 0.73% for the quarter. The one-year return was 4.13%, and the portfolio modestly trailed the six-month Treasury bill benchmark.
- **Reserve Portfolio (\$4.42B):**
The reserve portfolio returned -1.27% in March and -0.02% for the quarter. The one-year return was 4.44%, outperforming its custom benchmark by 16 basis points. Longer-duration managers experienced greater short-term declines as yields rose but generally added value relative to their benchmarks.
- **Endowment Portfolio (\$152M):**
The endowment portfolio returned -4.50% in March and approximately -0.97% for the quarter, outperforming its custom benchmark by approximately 1.18 percentage points for the quarter. The one-year return was 14.64%.
- **ARPA Funds (\$200M):**
ARPA funds returned 0.29% in March and 0.87% for the quarter. The one-year return was 4.18%, and performance remained generally in line with the one-month Treasury bill benchmark.

Mr. Engle asked whether the portfolio remains appropriately positioned given recent market volatility and the rise in interest rates, noting that the portfolio was intentionally structured to withstand unexpected market events and periods of uncertainty. He referenced the approximately 50-basis-point increase in the 10-year Treasury yield and asked whether the current 25% liquidity and 75% reserve allocation remains appropriate.

Ms. Appel responded that the current allocation continues to be appropriate. While recent discussions have considered the impact of a higher interest rate environment, any potential adjustments would likely occur within the reserve portfolio rather than through a change to the overall 25/75 allocation. Specifically, the reserve portfolio's tiered structure provides flexibility to shorten duration if necessary while maintaining the existing allocation framework. She acknowledged that rising rates can temporarily reduce portfolio values but emphasized that such effects are generally expected to be temporary.

Mr. Zbyszynski reported that higher rates had reduced market valuations and that OST had funds available for investment. He also advised that NEPC had confirmed that existing positions could be transferred in kind to a successful manager following the RFP, reducing the risk of realizing losses solely because of a manager transition. Mr. Karia requested that the 25% liquidity and 75% reserve allocation be maintained as closely as possible during any transition.

GOVERNANCE/PORTFOLIO REPORTING DISCUSSION

Ms. Kwesseu summarized the portfolio-reporting request raised during the May 6, 2026, Investment Subcommittee meeting. Members had requested a high-level allocation summary, including the previously referenced pie-chart format and supporting asset detail, to provide clearer visibility across the investment portfolios and support future guideline discussions.

Ms. Kwesseu reported that OST and NEPC were also developing a broader governance-reporting framework that would include aggregate portfolio analysis and additional transparency regarding portfolio allocations and investment-guideline reporting.

NEPC expected to present a work-in-progress version during the August 2026 meeting cycle. In response to a Board member's question, Ms. Kwesseu confirmed that the

ARPA FUNDS

Mr. Zbyszynski reported that State ARPA principal balances totaled approximately \$201.5 million as of March 31, 2026, including a quarterly draw of approximately \$38.1 million. Based on coordination with the Division of Accounting, all remaining principal funds were expected to be expended before the end of calendar year 2026, with no principal anticipated to be returned to the federal government.

He also reported that OST received an additional draw of approximately \$34 million on May 5, 2026, and that accrued interest earnings totaled approximately \$67.7 million as of April 23, 2026. The Division of Accounting confirmed that the interest earnings remained available for expenditure.

CONTRACT DISCUSSION & UPDATES

Ms. Kwesseu summarized the status of the investment manager procurement and two upcoming contract extensions.

- **LIQUIDITY AND RESERVE MANAGERS**

Ms. Kwesseu reported that the Investment Management Professional Services agreement expires on January 31, 2027, and that the replacement RFP was posted on May 4, 2026. Vendor questions had been received, and responses were scheduled for posting by June 5, 2026. In response to a question regarding anticipated participation, OST and NEPC stated that the level of competition would be better assessed after proposals were received.

- ENDOWMENT INVESTMENT MANAGEMENT AGREEMENT

Ms. Kwesseu advised the Board that OST planned to exercise one of the two available one-year options under the Endowment Investment Management Agreement, extending the agreement through June 30, 2027.

- NEPC – INVESTMENT ADVISORY SERVICES

Ms. Kwesseu also advised that OST planned to exercise one of the two available one-year options under the NEPC Investment Advisory Services agreement, extending the agreement through September 23, 2027.

BANKING SUBCOMMITTEE REPORT

MERCHANT SERVICES AND PAYMENT CARD INDUSTRY DATA SECURITY STANDARDS (“PCI – DSS”) COMPLIANCE DISCUSSION

Mr. Maharaj provided updates on the Digital Government migration and the statewide PCI-DSS compliance program.:

- DIGITAL GOVERNMENT PROJECT (FISERV) UPDATE

He reported that the resident and visitor portal had been active since April 2024 and that more than 187,000 transactions had been processed through the platform. Treasurer Davis supplemented the update with figures obtained as of May 26, 2026: more than 193,000 transactions, over \$54 million in transaction volume, and more than 104,000 unique users.

Additionally, he reported that 307 of 361 Govolution merchant environments had transitioned to Fiserv, with 54 remaining, and that 302 Clover devices had been deployed, with six pending activations.

OST continued to coordinate with GoDE, participating agencies, and vendors, with completion of the migration targeted for December 31, 2026. Board members recognized the project as a significant undertaking and commended the team’s progress.

- PCI – DSS COMPLIANCE PROGRAM UPDATE

Mr. Maharaj reported that all 1,486 identified users had been assigned PCI-DSS compliance training, with completion targeted by June 30, 2026.

Mr. Maharaj reported that OST and CampusGuard continued to support merchant training, online resources, and the 2026 Self-Assessment Questionnaire process. CampusGuard was scheduled to conduct on-site visits with State agencies and school districts from May 27–29, 2026.

Mr. Hobby stated that CampusGuard had visited nearly all State locations that accept payment cards and that merchants were generally performing well. Treasurer Davis recognized Mr. Evan's leadership in providing in-person training and supporting implementation of the online training portal.

BANKING SERVICES AND ELECTRONIC PAYMENT CONSULTING SERVICES (PCI CONSULTANT) RFP CONTRACT DISCUSSION AND VOTE

Ms. Kwesseu reviewed the status, pricing, and requested actions for the CampusGuard, U.S. Bank, and JPMorgan Chase agreements using the presentation provided to the Board:

- **CAMPUSGUARD (MERCHANT SERVICES PCI CONSULTANT)**

The prior contract expired on February 28, 2026. Under the 2020 agreement, OST operated at an annual cost of approximately \$172,000. Following the implementation of the CampusGuard Learning Management System (LMS) and Single Sign-On (SSO) enhancements, annual costs increased by approximately \$7,800, resulting in a total annual cost of approximately \$179,800.

To ensure continuity of PCI compliance consulting and support services, the agreement was extended for 90 days through May 29, 2026, at a cost of \$44,950. Staff reported that contract negotiations have since been completed and that the proposed agreement is being presented to the full Board for review and approval.

The new agreement, effective May 30, 2026, reflects an annual cost of \$193,000, which is below the original RFP proposed pricing of \$195,000. The agreement also includes expanded services and enhanced support provisions designed to meet OST's evolving PCI compliance and operational requirements.

Mr. Engle inquired about the contract term length. In response, Ms. Kwesseu confirmed that the agreement includes an initial two-year term, with three optional one-year renewal extensions, for a maximum total term of five years.

- **PREPAID DEBIT CARD – U.S. BANK**

The agreement expired on March 6, 2026, and had been extended for 90 days through June 4, 2026, while negotiations continued. Ms. Kwesseu explained that the prepaid-card agreement does not carry a direct program fee to the State, although the method an agency uses to load funds may create transaction costs under an existing banking agreement.

The Board reviewed the current and proposed fee schedules for the ReliaCard, Focus Card, and CORE A Visa prepaid-card programs.

Board members expressed concern about the effect of cardholder fees on vulnerable populations. The discussion addressed out-of-network ATM charges, replacement and inactivity fees, reload and transfer fees, differences among the three program schedules, and access to fee-free ATM networks. Members requested aggregated or anonymized information regarding fees actually incurred so the Board could better assess the financial impact on cardholders.

Ms. Kwesseu explained that the published schedules identify fees that may apply based on a cardholder's use of the card and that many listed fees may not arise under an agency's intended program design. She also explained that the proposed DHSS program had not yet finalized its funding method; therefore, any State cost associated with ACH origination or another loading method could not yet be confirmed and would be separate from cardholder fees.

The Board directed OST to return with additional information concerning State implementation costs and cardholder fees, information regarding fee applicability and actual fee incidence, and an analysis of in-network ATM accessibility. The matter will return to the Banking Subcommittee in August 2026 with an updated analysis and recommendation.

The U.S. Bank agreement was not approved for execution at this time. The Board authorized an additional 90-day extension to allow OST to address the outstanding questions before the agreement returns for final consideration.

- JPMORGAN CHASE (GENERAL BANKING SERVICES)

The current agreement will expire on August 19, 2026, and contract negotiations will continue. OST completed a comparative review of JPMorgan's Best and Final Offer (BAFO) using March 2025 account analysis activity, current pricing structures, and applicable RFP pricing schedules.

Based on transaction volumes analyzed during the RFP process, aggregate banking service costs under the current pricing structure were estimated at approximately \$73,928.22, compared to approximately \$70,888.11 under the proposed pricing structure, resulting in estimated annualized savings of approximately \$3,040.11.

Ms. Kwesseu noted that the analysis is not intended to represent a direct line-item reconciliation, as certain contracted services may not have been utilized during the March 2025 statement period; however, it provides a reasonable operational benchmark for evaluating the overall pricing impact of the proposed agreement. Actual banking costs and earnings credit offsets continue to fluctuate based on transaction activity, service utilization, collected balances, and applicable earnings credit rates.

Mr. Engle inquired regarding the earnings credit methodology and whether the State was fully optimizing its current structure. JPMorgan representatives stated that the State was among their most efficient clients in managing service costs through appropriate balances and earnings credits. They explained that the structure is monitored monthly and evaluated on an annual basis to account for seasonal activity. In response to a question regarding a potential year-end shortfall, JPMorgan representatives stated that the matter would be discussed with the State before a hard-dollar charge was assessed.

A MOTION to approve authorization for OST to execute the JPMorgan Chase contract upon completion of negotiations and the approved execution of the CampusGuard contract was made by Mr. Engle and seconded by Mr. Sylver.

A MOTION to approve authorization for OST to execute an additional 90-day extension with U.S. Bank was made by Secretary Smith and seconded by Secretary Patibanda-Sanchez.

MOTION ADOPTED UNANIMOUSLY

COLLATERALIZATION MEMO DISCUSSION AND UPDATE

Ms. Kwesseu reported that public deposits remained approximately 102% collateralized and that OST continued to monitor collateral levels with its banking partners. Collateral consisted of U.S. Treasuries, other eligible securities, and Federal Home Loan Bank Letters of Credit, with levels fluctuating based on cash balances

Board members confirmed that the memorandum format clearly presented the information and requested that it continue on a quarterly basis. OST agreed to provide the next update during the August 2026 meeting cycle.

CONTRACT DISCUSSION, UPDATES, AND VOTE

Ms. Kwesseu updated the Board on the extension needed to support the remaining Govolution-to-Fiserv migration.

- GOVOLUTION CONTRACT

Ms. Kwesseu reported that the Govolution contract expires on June 30, 2026, and that OST intended to use an additional six-month extension through December 31, 2026, to maintain payment-processing continuity during the migration to Fiserv. She reviewed the negotiated pricing: \$135,000 for July 1, 2024, through June 30, 2025; \$160,000 for July 1, 2025, through June 30, 2026; and \$80,000 for July 1, 2026, through December 31, 2026. These amounts were negotiated from

Govolution's initial proposal of \$155,000 annually beginning July 1, 2024, with 25% increases for each extension period, capped at \$300,000 annually.

Ms. Kwesseu stated that one additional six-month extension would remain available through June 30, 2027, at a proposed fixed cost of \$80,000 if needed to complete the transition. OST remained hopeful that the final extension would not be necessary.

OTHER MATTERS OF THE BOARD

None

PUBLIC COMMENT

One member of the public, Mr. Anson Gock, was present and did not provide a comment.

EXECUTIVE SESSION

No executive session was held, as it was determined not to be necessary.

NEXT MEETING

The next full Board Meeting is scheduled for August 26, 2026, at Buena Vista - 661 South DuPont Highway, New Castle, DE 19720.

The next Investment Subcommittee meeting is scheduled for August 5, 2026.

The next Banking Subcommittee meeting is scheduled for August 12, 2026.

ADJOURNMENT

The meeting was adjourned at 11:38 a.m.

Respectfully submitted,

Warren C. Engle
Chair, Cash Management Policy Board